

Message Text

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ORIGIN ITC-01

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TO USMISSION GENEVA PRIORITY

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MTN, PASS TO BALE

E.O. 11652: N/A

TAGS: MTN, ETRD

SUBJECT: TECHNICAL MEETING WITH SWISS ON U.S. OFFER ON
WATCHES

1. SWISS "FACT-FINDING MISSION" COMPOSED OF BALTHASAR
EBERHARDT AND MAX KRELL OF THE SWITZERLAND DIVISION OF COM-
MERCE, RENE RETORNAZ OF THE FEDERATION OF SWISS WATCH MANU-
FACTURERS, MR. PASTEUR OF THE SWISS WATCHMAKERS INFORMA-
TION SERVICE, AND R. GOSSENBACHER OF THE SWISS EMBASSY IN
WASHINGTON MET FOR APPROXIMATELY TWO HOURS ON FEBRUARY 16
WITH FALKEN (STR), HART (USITC) AND USITC WATCH SPECIALIST
LUKENS TO DISCUSS TECHNICAL QUESTIONS ON INTERPRETATION OF
PROVISIONS FOR WATCHES AND CLOCKS IN THE PRESENT VERSION OF
THE U.S. OFFER LIST. DISCUSSION PROCEEDED GENERALLY IN
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THE ORDER OF THE LIST OF QUESTIONS WHICH, IT IS UNDERSTOOD
FROM HART/BALE TELCOM, SWISS PRESENTED TO U.S. DEL IN BI-
LATERAL MEETING. THE QUESTIONS WERE PRINCIPALLY CONCERNED
WITH THE DEFINITION OF "ELECTRONIC" AND "CONVENTIONAL"
WATCHES, THE MANNER IN WHICH AD VALOREM EQUIVALENTS IN THE
WATCH/CLOCK SCHEDULE WERE DETERMINED, AND LINE BY LINE
TRADE COVERAGE OF OFFERS ON WATCHES.

2. THE DISCUSSION OPENED WITH AN EXPLANATION OF THE FACT THAT, BECAUSE OF TIME CONSTRAINTS, THE U.S. OFFER LIST IN ITS PRESENT FORM WAS PRODUCED BY A COMPUTER PROCESS WHICH HAS SERIOUS LIMITATIONS WITH RESPECT TO WATCHES. A PRELIMINARY DRAFT OF THE OFFER ON WATCHES AND CLOCKS GIVING THE COMPLETE TARIFF NOMENCLATURE AND STATING DUTIES IN THE FORM USED IN THE TSUS WAS PRESENTED TO THE SWISS DELEGATION. THIS DOCUMENT (COPY BEING POUCHED TO DELEGATION) PROVIDE ANSWERS TO MOST OF THE QUESTIONS RAISED BY THE SWISS.

3. IT WAS DETERMINED IN THE DISCUSSION THAT SWISS CONCERN WITH THE MANNER IN WHICH AD VALOREM EQUIVALENTS FOR WATCHES HAD BEEN CALCULATED STEMMED FROM THEIR BELIEF THAT THE DEPTH OF CUT OFFERED ON THE VARIOUS WATCH CATEGORIES SHOWN IN THE PRESENT OFFER LIST WAS DEPENDENT UPON THE LEVEL OF THE DUTY (I.E., AVE). THEIR INTEREST IN THE AVE VIRTUALLY DISAPPEARED AFTER BEING TOLD THAT, WITH TWO MINOR EXCEPTIONS, OFFERS ON ALL ITEMS IN THE WATCH AND CLOCK SCHEDULE ARE EITHER A 15 PERCENT OR 60 PERCENT CUT.

4. WITH RESPECT TO THE DEFINITION OF CONVENTIONAL AND NONCONVENTIONAL WATCHES, SWISS WERE INFORMED THAT OUR PRESENT INTENTION IS TO MAKE THE DISTINCTION BETWEEN WATCHES HAVING A BALANCE WHEEL AND HAIRSPRING AND OTHER LIMITED OFFICIAL USE

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WATCHES, BUT THAT WE ARE OPEN TO FURTHER DISCUSSION ON THIS POINT. SWISS URGED THAT WE USE THE TYPE OF DISTINCTION CONTAINED IN A CCC HARMONIZED CODE NOMENCLATURE PROPOSAL CURRENTLY BEING CIRCULATED FOR COMMENT. THE PROPOSED HARMONIZED CODE DEFINITION WOULD BE MORE FAVORABLE TO THE SWISS INDUSTRY IN TERMS OF OUR PRESENT OFFER ON WATCHES.

5. SWISS WERE TOLD THAT WE INTEND TO MAKE AN EFFORT TO SIMPLIFY OUR TARIFF NOMENCLATURE FOR WATCHES AND WOULD BE INTERESTED IN ANY SUGGESTIONS THAT THEY MAY WISH TO MAKE THROUGH THE MTN DEL. THEY WERE ALSO TOLD THAT ALL SPECIFIC AND COMPOUND RATES IN OUR TARIFF SCHEDULES ARE BEING EXAMINED FOR POSSIBLE CONVERSION TO AD VALOREM RATES, BUT IT IS RECOGNIZED FROM THE START THAT THE SPECIAL CIRCUMSTANCES APPLICABLE TO WATCHES MAY GREATLY RESTRICT RATE CONVERSION POSSIBILITIES THERE. VANCE

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